Prepared: December 4, 1987

For Discussion on: ----

PRESIDENT'S WEEKLY UPDATE

Howard H. Baker, Jr.

THE WHITE HOUSE

WASHINGTON

December 4, 1987
THE PRESIDENT'S SUMMARY SCHEDULE
The Week of December 7, 1987

Monday, December 7

2:00 pm (30 min)		Meeting with Joint Chiefs of Staff	Powell
4:30 pm (5 min)		Photo with Pageant of Peace Organizers	Archambault
6:40 pm (15 min)	N	National Christmas Tree Lighting Ceremony	Courtemanche

Tuesday, December 8

10:00 am (30 min)	N	Arrival Ceremony for USSR General Secretary Gorbachev	Powell
10:30 am (90 min)		Meeting with General Secretary Gorbachev	Powell
1:45 pm (25 min)		Signing Ceremony for INF Agreement	Powell
2:10 pm (20 min)		Live Broadcast for INF Treaty	Powell
2:35 pm (55 min)		Meeting with General Secretary Gorbachev	Powell
7:00 pm (3 hrs)	N	State Dinner (Black Tie)	Powell

Wednesday, December 9

10:30 am (2 hrs)		Meeting with General Secretary Gorbachev	Powell
1:30 pm (20 min)		Briefing for Interview	Fitzwater
2:00 pm (20 min)		Interview with Conservative Columnists	Fitzwater
3:00 pm (30 min)		Congressional Meeting	Ball
7:00 pm (2 hrs)	N	Attend Dinner at Soviet Embassy	Powell

Thursday, December 10

10:30 am (90 min)		Meeting with General Secretary Gorbachev	Powell
12:00 m (2 hrs)		Working Luncheon with General Secretary Gorbachev	Powell
2:00 pm (15 min)		Departure Statements	Powell
3:30 pm (5 min)		Human Rights Day Signing Ceremony	Powell
Evening (20 min)		Address to the Nation	Powell

Friday, December 11

9:30 am (60 min)		Congressional Meeting	Ball
11:00 am (60 min)	T	NSC Time	Powell
1:00 pm (30 min)		Pre-Brief for Regional Press Briefing	Griscom
1:30 pm (30 min)		Regional Press Briefing	Griscom
Afternoon	TN	To Camp David	

Saturday, December 12

	TN	Camp David	
12:06 pm (5 min)		Radio Talk	

Sunday, December 13

	TN	Camp David	
Afternoon	TN	Return to the White House	
Approx. 5:20 pm	N	Depart for National Building Museum to attend "Christmas in Washington" Program	Courtemanche
Approx. 7:20 pm	N	Arrive back in Washington	

The President's Schedule

DECEMBER 1987

Issue: 12/04/87 4:00 p.m.

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1 ★ 10:15 Dep. f/Jacksonville, FL to Address Duval H.S. & dropby FL State GOP Fund-raising Lunch 5:00 Arrive WH ON WASHINGTON, D.C.	**2** 9:30 Mtg. w/ GOP Cong. Leaders 1:15 Mtg. w/Vice Chmn. of Inaugural Anniv. Dnr. 1:30 Mtg. Shultz 2:00 Photo w/U of MD Women's Field Hockey Team ON WASHINGTON, D.C.	**3** 10:00 Human Rights Event 11:00 Cong. Mtg. 11:45 Swear-in Cere. of Burnley 2:00 Brfg. f/Int. 2:30 Int. w/Network Anchors 3:45 Mtg. w/Krulak 4:00 Personnel Time 4:30 Admin. Time ON WASHINGTON, D.C.	**4** 9:30 Bi-Part Cong. Lead. 11:00 Swear-in of D. Wilson as Archivist 11:50 Arrive WH 1:00 Dropby Anti-Crime Brfg. 1:30 Mtg. w/Shultz 2:00 NSPG Mtg ON WASHINGTON, D.C.	**5** 12:06 Radio Talk ON WASHINGTON, D.C.
6 N 5:20 Kennedy Ctr. Honors Recept. (*B-Tie*) N★ 7:25 Kennedy Ctr. Honors (*B-Tie*) N 10 10 Arrive WH ON WASHINGTON, D.C.	**7** 2:00 Mtg. w/Joint Chiefs of Staff 4:30 Photo with Pageant of Peace Organizers N 6 40 Christmas Tree Lighting Cere ON WASHINGTON, D.C.	**8** N 10:00 Arrival Cere. f/Gorbachev 10:30 Mtg. w/ Gen. Sec. Gorbachev 1:45 Signing Cere. f/INF Agreemt 2:10 Live Broadcast of INF Treaty 2:35 Mtg Gorbachev N 7:00 State Dnr. (*B-Tie*) ON WASHINGTON, D.C.	**9** 10:30 Mtg. w/ Gorbachev 1:30 Brfg. f/Int. 2:00 Int. w/Cons. Columnists 3:00 Cong. Mtg. N★ 7:00 Attend Dinner at Soviet Embassy ON WASHINGTON, D.C.	**10** 10:30 Mtg. w/ Gorbachev 12:00 Working Lunch w/Gorbachev 2:00 Depart. Stmts. 3:30 Human Rights Day Sign. Cere. Eve. Address to the Nation ON WASHINGTON, D.C.	**11** 9:30 Cong. Mtg. T 11:00 NSC Time 1:00 Pre-Brief for Regional Press Briefing 1:30 Regional Press Briefing TN★ To Camp David ON CAMP DAVID	**12** TN★ Camp David ★ 12:06 Radio Talk ON CAMP DAVID
13 TN★ Camp David TN Aft Return to WH Approx N★ 5:20 Depart f/"Christmas in Washington" Approx N 7:20 Arrive WH ON WASHINGTON, D.C.	**14** Approx ★ 11:30 Address Center f/Strategic Intl Studies (CSIS) 12:00 Issues Lunch T 2:00 Cabinet Time 4:00 Haircut 4:30 Taping Session ON WASHINGTON, D.C.	**15** T 9:30 Bi-Part Cong. Leadership 12:00 Lunch w/VP T 2:00 NSC Time 3:15 Mtg. Webster 3:30 Receive Menorah N 5:00 Photo WH Social Aides & Official Photo N 8:30 Cong. Ball (*B-Tie*) ON WASHINGTON, D.C.	**16** Hanukkah 11:00 Brfg. f/Meeting 11:30 Mtg. w/P.M. Goria of Italy 12:15 Luncheon with P.M. Goria 1:30 Departure Statements N 8:15 Press Party ON WASHINGTON, D.C.	**17** 11:30 HOLD T 2:00 Cabinet Time 3:50 Photo w/WH Operations Staff 4:00 Personnel Time 4:30 Admin. Time N 8:15 Press Party ON WASHINGTON, D.C.	**18** T 11:00 NSC Time 1:30 Mtg. with Secy. Shultz ON WASHINGTON, D.C.	**19** 12:06 Radio Talk 2:00-6:00 Dropby Military and USSS Personnel Open House ON WASHINGTON, D.C.
20 2:00-6:00 Dropby WH / EOP Open House ON WASHINGTON, D.C.	**21** 12:00 Issues Lunch T 2:00 Cabinet Time 4:30 Diplomatic Credential Cere N 6:15 USSS/PPD Party ON WASHINGTON, D.C.	**22** T 9:30 GOP Cong. Leadership T 2:00 NSC Time 4:30 Photo with Scheduling Staff N 8:15 WH Senior Staff Party ON WASHINGTON, D.C.	**23** ON WASHINGTON, D.C.	**24** Christmas Eve N★ Eve. Pvt. Dinner ON WASHINGTON, D.C.	**25** Christmas N 5:00 Pvt. Dinner ON WASHINGTON, D.C.	**26** 12:06 Radio Talk ON WASHINGTON, D.C.
27 N★ AM To Los Angeles, California ON LOS ANGELES	**28** N★ Los Angeles ON LOS ANGELES	**29** N★ Los Angeles N★ Aft To Palm Springs, CA ON PALM SPRINGS	**30** N★ Palm Springs ON PALM SPRINGS	**31** New Years Eve N★ Palm Springs ON PALM SPRINGS		**Proposed & Tentative For Administrative Use Only** T Tentative N First Lady ★ Away from White House

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THE WHITE HOUSE

WASHINGTON

THE WEEK AHEAD

Monday, December 7
through
Sunday, December 13

FOREIGN

Media attention will focus on the prospects for movement on START. There is already speculation that the United States is willing to scale-down its demand for Soviet reductions on ICBM's. Press assumptions are that the two sides will at least agree on a set of instructions for the Geneva negotiators. Our guidance is as follows:

- The details of our discussions will remain confidential.
- An agreement could be completed in short order if the Soviets are willing to apply themselves with equal seriousness.

DOMESTIC

While the Summit will dominate news coverage, there are domestic issues of importance that will receive attention:

- The Budget Agreement: The deadline for implementing the agreement is December 16th. Committees in both houses are working on the legislation. Special focus is on the tax package.
- Judge Kennedy: While the coverage of Judge Kennedy's nomination has not been as regular as past nominees, the media has been taking the time to study his record and look into his background, resulting in a few stories of small concern.

Economic Indicators

o Thursday, December 10	Exports & Imports
o Friday, December 11	Producer Prices Advance Retail Sales

TOP STORIES OF THE WEEK

Monday, December 7

-- Meeting with Joint Chiefs of Staff

-- Photo with Pageant of Peace Organizers

-- National Christmas Tree Lighting Ceremony

Tuesday, December 8

-- Arrival Ceremony for General Secretary and Mrs. Gorbachev

-- Signing Ceremony for INF Treaty

-- Broadcast to American and Soviet People on the INF Treaty

-- Meeting with General Secretary Gorbachev

-- State Dinner in honor of General Secretary and Mrs. Gorbachev

-- Dinner at the Soviet Embassy

Wednesday, December 9

-- Meeting with General Secretary Gorbachev

-- Congressional Meeting

-- Interview with Conservative Columnists

Thursday, December 10

-- Meeting with General Secretary Gorbachev

-- Working Luncheon with General Secretary Gorbachev

-- Departure Statements

-- Human Rights Day Signing Ceremony

-- Address to the Nation

Friday, December 11

-- Congressional Meeting

-- Regional Press Briefing

-- Departure for Camp David

Saturday, December 12

-- Radio Address

Sunday, December 13

-- Return to the White House

-- Attend NBC "Christmas in Washington" Program

Prepared by: The Office of the Press Secretary

THE WHITE HOUSE

WASHINGTON

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE

SUBJECT: Cabinet Issues -- Weekly Update

I. MEETINGS WITHOUT YOU

The Economic Policy Council will meet on Tuesday to review two issues: the U.S. sugar program and the steel industry's pension problems. The U.S. must further restrict sugar imports next year. In addition, our proposal to reform the sugar program is not moving on the Hill. The Council will discuss alternative ways of restricting sugar imports as well as a possible new sugar reform initiative.

The Council will also review our progress in enacting Federal pension law reform, and the state of the steel industry's pension problems.

There will be no meetings of the Domestic Policy Council next week.

II. OTHER

The National Drug Policy Board last met with you in July. Since that time it has conducted a series of meetings to review national and international drug law enforcement, treatment, and prevention programs.

On Thursday, December 3, the Board began a series of meetings to consider policy issues that arose in the Board's review of current efforts. The Board plans to complete the policy review by Christmas and will meet with you early next year to present the results.

THE WHITE HOUSE

WASHINGTON

December 7, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM L. BALL, III

SUBJECT: Weekly Issues Update -- Legislative Affairs

I. CONGRESSIONAL MEETINGS

You are scheduled to meet with the bipartisan Congressional leadership on Friday to discuss the results of your meeting with Secretary Gorbachev.

II. FLOOR ACTION

The Senate Majority Leader hopes to bring up reconciliation tomorrow. Other possible agenda items include (if available) the Continuing Resolution and the Price-Anderson Act.

The House convenes today to consider several bills, under suspension of the rules, including: H.R 2683 -- the Nuclear Safety and Security Improvements Act of 1987; and H.R. 2628 -- to amend the National Traffic and Motor Vehicle Safety Act of 1966 respecting the importation of motor vehicles in anticipation of compliance with safety standards under such Act. The House convenes tomorrow to consider H.R. 3100 -- the International Security and Development Act (modified open rule) and will complete consideration of the bill on Wednesday. The House is scheduled to meet for the balance of the week to consider H.R. 1720 -- the Family Welfare Reform Act of 1987 (modified closed rule; 4 hours of debate); and, subject to a rule being granted, H.R. 1467 -- to authorize appropriations to carry out the Endangered Species Act of 1973 for FY'88 -'92.

III. DOMESTIC ISSUES

Appropriations

The Senate Appropriations Committee approved the Defense Appropriations bill and the Foreign Operations bill last week. The Committee plans to mark up the Continuing Resolution tomorrow.

Budget Agreement

Senate Committees are moving ahead to comply with their components of the budget agreement. The Finance Committee has finalized a new package of revenue sources and developed what appears to be an acceptable package, although we have not yet inspected all the details. We are encountering difficulties with the Governmental Affairs Committee and the Veterans' Affairs Committee over their packages. We expect the Senate Leadership to work out those problems satisfactorily.

Continuing Resolution (H.J. Res. 395)

Despite vocal opposition by House Republicans and a veto signal by the Administration, the House adopted by vote of 248 (225 D; 23 R) to 170 (21 D; 149 R) H.J. Res. 395, the Continuing Resolution, which will fund federal programs for the remainder of FY'88. The measure was amended to reflect overall funding levels for defense and discretionary domestic and international programs which were agreed to by the Administration and the Joint Congressional Leadership in the Budget Summit Agreement.

However, as outlined in your letter to the Speaker, the Continuing Resolution, as adopted, remains unacceptable because of numerous arms control restrictions, a lack of non-lethal aid necessary to sustain the Nicaraguan democratic resistance and numerous authorizing provisions which should not be attached to the measure. The House also voted (259-157) to add a provision requiring the reinstatement of the Fairness Doctrine -- a bill which you vetoed earlier this year.

An effort by a coalition of Republicans and moderate Democrats to require a further reduction in spending to a freeze at the FY'87 level, and delete a Congressional pay increase, was defeated 198-220.

The Senate Appropriations Committee plans to mark up their Continuing Resolution beginning tomorrow.

Housing

By voice vote, the Senate agreed to a House resolution extending the FHA loan insurance program until December 16. We supported an effort by Senator Armstrong to make the FHA authority permanent, but he lost 59-37. However, we gained nine votes from the last vote a month ago on this issue.

Veterans' Disability Compensation

The Senate passed the Veterans' Disability Compensation bill which, among other things, provides a COLA for veterans. The most notable action on the bill occured when the Senate voted to strike a provision banning drug testing of VA employees. The vote to strike the provision, which we strongly supported, was 67-29.

Farm Credit

By a vote of 86-7, the Senate passed its version of farm credit legislation. The bill is the product of extensive negotiations between OMB, Treasury and the Senate Agriculture Committee and is a marked improvement over the version which has passed the House. The bill now goes to a Conference Committee, which will find it difficult to report a final version before the end of the session.

Health Issues

On July 30, the Senate Labor Committee held a hearing to reauthorize funds through FY'91 for population research and voluntary family planning programs. The bill, S. 1366, is well over budget and is strongly opposed by Senators Humphrey and Hatch. Amendments offered by both Senators were defeated and the bill was reported on November 12.

Comparable Worth

The Senate Governmental Affairs Committee reported S. 552, The Pay Equity Act of 1987, last Wednesday. The bill calls for a review of the government's employee classification and payment system in complying with anti-discrimination laws. The measure would set up a Compensation Equity Commission to report on pay equity within 18 months.

Senator Roth will likely offer a substitute amendment on the floor removing the bill's comparable pay language and calling instead for a broad-ranging Library of Congress study on federal employment issues.

Price Anderson

The Senate Environment and Public Works Committee and the Energy Committee are working towards a time agreement to begin floor consideration before Christmas on the Price-Anderson legislation concerning insurance for the nuclear

industry. We have many concerns with the legislation as presently drafted, but are hopeful that they will be resolved either before floor consideration or by amendment on the floor.

Independent Counsel Reauthorization

Last Wednesday, the House approved the conference report on the Independent Counsel Reauthorization Act of 1987 (H.R. 2939) by a vote of 322-90, clearing the measure for the President. The Administration opposes the legislation as an unconstitutional infringement upon the executive power to prosecute Federal crimes.

Clean Air Act Extension

During consideration of the Continuing Resolution for FY'88, the House, by a vote of 162 (D-90; R-72) to 257 (D-158; R-99), defeated an amendment by John Murtha (D-PA) to extend for 21 months the deadline by which time cities must comply with provisions of the Clean Air Act. Following the defeat of the Murtha amendment, the House adopted, by a voice vote, a similar amendment by Silvio Conte (R-MA) which will provide for only an eight-month extension. The House Republican Leadership had urged support for the Murtha Amendment to provide cities with more time to come into compliance with Clean Air standards and to avoid having to consider a major environmental bill next year during the height of the Presidential and Congressional elections.

Welfare Reform (H.R. 1720)

Despite the urging of conservative Democrats and Members of the Democrat Freshman Class to the contrary, the Speaker has announced intentions to proceed with floor consideration this week of H.R. 1720, the controversial Downey-Ford welfare reform measure. OMB has scored H.R. 1720 as costing in the range of $8B over 5 years. The Administration has indicated that your Senior advisors will strongly recommend a veto should this legislation be adopted by Congress.

Under the Rule, Republican Leader Bob Michel will be allowed to offer H.R. 3200, as a substitute. This is the welfare reform alternative which you have endorsed and which embraces all of your major welfare initiatives.

Trade

As it has become clear the Trade Conference will not conclude by the end of this session, there is some interest in attempting to separate out the Harmonized System which should be implemented by the first of the year. However, the Democrat leadership is reluctant to break out one of the few Administration-supported provisions of the omnibus bill. Nevertheless, USTR is pressing for inclusion of this provision in the Reconciliation bill. Congressman Gibbons (D-FL) has also introduced separate implementing legislation. There is also consideration of passing the science and technology section of the bill separately.

IV. NATIONAL SECURITY ISSUES

Defense Authorization

Last Friday, you signed the Defense Authorization bill, putting into law a compromise with the Congress on arms control provisions, and establishing a clear record before the Gorbachev visit that, consistent with budget requirements, we will support our defense forces.

Defense Appropriations

The Senate Appropriations Committee approved the FY'88 DoD Appropriations bill last Thursday, including $720M for a 2% military pay raise. Additional action included funding SDI at the $3.9B agreed level, terminating Midgetman funding, full support for MX rail garrison, full funding for two aircraft carriers, and a 50% cut in funding for the National Aerospace Plane program. An attempt by Senator Bumpers to prohibit reflagging of Kuwaiti tankers unless Kuwait paid the U.S. for our military support in the Persian Gulf failed 4-13.

Additionally, the full Appropriations Committee passed unanimously a bipartisan amendment in support of SDI. The amendment, conceived by Senator Stevens, was also sponsored by Senators Proxmire, Johnston and McClure.

Foreign Aid

Last Thursday the Senate Appropriations Committee passed the FY'88 Foreign Assistance Appropriations bill and included provisions prohibiting the obligation or expenditure of

United States assistance funds for Panama and Haiti, approving a Kasten amendment restoring U.S. law on UNFPA funding, and striking subcommittee language which would have overturned the Mexico City decision on population. By a vote of 16-10, the Committee failed to approve an Inouye-sponsored measure which would have allowed the sale of Stinger missiles to Bahrain. The Committee had previously acted to prohibit the sale of Stingers to any nation in the Persian Gulf. Further, the bill provides changes in assistance to Pakistan to include a prohibition on assistance to India or Pakistan if either is producing weapons grade nuclear materials.

Foreign Aid Authorization (H.R. 3100)

In earlier consideration of H.R. 3100, the House approved numerous objectionable amendments to the foreign aid authorization.

The House is expected to resume consideration of the bill tomorrow. Titles to be considered are: Western Hemisphere; Asia and Pacific; Africa; Peace Corps; and miscellaneous provisions. Numerous amendments to these sections are anticipated, including further restrictions on aid to El Salvador; restrictions on aid to Pakistan; prohibitions on peace corps funding of abortions; additions of Nicaragua, Mozambique, Laos, Seychelles, Guyana, Benin, Congo and Suriname to the list of communist countries; ban on import of South African uranimum compounds; and numerous new reporting requirements.

V. NOMINATIONS

Anthony Kennedy, Associate Justice of the Supreme Court. Consideration of Judge Kennedy's nomination will begin on December 14 before the Senate Judiciary Committee.

Ann McLaughlin, Secretary of Labor. Last Tuesday, Ann McLaughlin's nomination was sent to the Hill. Courtesy calls are continuing. Her hearing is scheduled for tomorrow.

Samuel Lessey, Director, Selective Service. The Armed Services Committee will report General Lessey's nomination at their next meeting.

Marvin Runyon, Chairman of the Tennessee Valley Authority. The Senate Environment and Public Works Committee has scheduled Mr. Runyon's hearing for tomorrow and plan to report the nomination on Friday.

Wendy Gramm, Chairman of the Commodities Futures Trading Commission. Mrs. Gramm's nomination was sent to the Senate last Friday and we are working with the Agriculture Committee in an effort to have her confirmed before Congress adjourns sine die.

Susan Phillips, Member of the Federal Trade Commission. Ms. Phillips' nomination was sent to the Senate last Friday and we are working with the Commerce Committee in an effort to have her confirmed before Congress adjourns sine die.

VI. NOTABLE COMMITTEE ACTION

Tuesday

The Senate Banking, Housing and Urban Affairs Committee will continue hearings on restructuring the financial services industry. To be continued on Wednesday and Thursday.

The Senate Commerce, Science and Transportation Committee, Merchant Marine Subcommittee, will hold a hearing on maritime provisions in the proposed free trade agreement with Canada.

Wednesday

The Senate Environment and Public Works Committee, Nuclear Regulation Subcommittee, will meet to discuss the Southern States Energy Board Report on TVA.

The Senate Governmental Affairs Committee will hold a hearing on the elevation of the Veterans' Administration to Cabinet status.

The Senate Labor and Human Resources Committee will mark up pending business, including S. 492, regarding doublebreasting and S. 1904, regarding polygraph testing.

Thursday

The Senate Commerce, Science and Transportation Committee, Communications Subcommittee, will hold oversight hearings on the divestiture of AT&T, focusing on the modified final judgement. To continue on Friday.

THE WHITE HOUSE

WASHINGTON

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: GARY L. BAUER GLB

SUBJECT: Issues Update - The Verdict on Federal Judges

A new study published in Public Opinion magazine by the American Enterprise Institute demonstrates clearly the major differences in philosphy between federal judges appointed by Republican Presidents, including yourself, and those appointed by Democratic Presidents.

The study based on a survey of federal district and appellate judges found the following:

- o More than two-thirds of Republican appointees believe their job is to apply the law, not make it, while Democratic appointees split about evenly on this question.

- o Republican appointees say legal precedent is the most influential factor in their judicial reasoning. Democratic appointees hold their own personal views of justice to be the most influential factor.

- o Nearly half of Republican appointees feel too much concern is shown in court for the rights of criminals while only sixteen percent of Democrats believe this.

- o About one-fifth of Democratic appointees believe the U.S. would be better off if it moved toward socialism. Only ~~four~~ percent of Republican appointed judges agreed.

As we draw closer to the hearings for Judge Kennedy, these differences are useful to remember and remind the American people about.

THE WHITE HOUSE

WASHINGTON

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: T. KENNETH CRIBB, JR
Assistant to the President
for Domestic Affairs

SUBJECT: Domestic Affairs Weekly Update

NEW TACTICS IN THE WAR ON DRUGS

This week the National Drug Policy Board under the leadership of Attorney General Meese and Secretary Bowen entered into the final stages of a two-month effort to develop a new set of initiatives attacking both the supply and demand sides of America's drug problem.

Supply Side Highlights

To restrict the supply of illegal drugs, the Board has several options, including:

1. Effective measures to gain cooperation for foreign governments. Strengthening our hand in the international arena is particularly urgent, because the lions share of illegal drugs comes into the country from abroad. It is, therefore, vitally important that we develop effective means to win the cooperation of foreign governments. Currently, our only leverage is the diplomatic equivalent of a nuclear bomb -- the termination of all foreign aid. The Board will propose a series of less drastic measures, such as restricting landing rights to certain airports with inspection facilities, requiring inspection of all imports from trafficking countries, and issuing a State Department tourist advisory warning that the offending country is a known source of illegal drugs. These tools will give the United States more flexibility in cajoling foreign governments into reducing the flow of illegal drugs from their countries.

2. Stronger Interdiction. Our air interdiction efforts are often thwarted by pilots who simply ignore Customs Service or Coast Guard warnings and return to a safe haven across the border. The Board is considering legislation that allows Customs Service and the Coast Guard to use appropriate force to compel suspected aircraft to land at

designated sights. The proposal is carefully crafted to ensure that firepower is used only as a means of last resort.

3. Increased Prison Capacity. A key problem hampering our enforcement efforts is the lack of adequate federal prison space. Your Comprehensive Criminal Reform Act of 1985 provided the much needed tools for federal prosecutors to convict drug traffickers, but courts are unwilling to make them serve full sentences because of the lack of prison space. A new building program is needed to meet the needs of the renewed law enforcement efforts.

4. Targeted Prosecution Strategy. The prosecution of national and international cartels responsible for narcotics transportation will be the top priority for Federal prosecutors and investigators. Federal resources would continue to assist state and local prosecutors, with some national officials present in every district, to handle other enforcement targets.

Highlights of Demand Side Initiatives

To reduce the demand for illegal drugs, the Board has several action steps to focus educational and rehabilitation efforts. New options include:

1. An Education Strategy to Reach Youth in "High Risk" Categories. The Board's strategy to reach those youths who are most likely to become drug abusers will promote a strong measure of individual accountability and family responsibility to intervene to prevent drug use by their children. The Board will seek to encourage community efforts to eliminate drug use and insure effective use of federal and state resources.

2. Extend Mandatory Drug Testing to Federal Contractors. Government contractors working in sensitive areas are usually required to perform under the same standards as the Federal work force. Such contractors were not included in the initial drug testing program to avoid risk of litigation. Now that the federal drug testing program has survived several test cases, it is appropriate to consider extending its coverage to government contractors.

3. Increased Federal Spending on Drug Treatment Centers. The Board is considering a proposal that would nearly double the number of HHS treatment programs in FY 89. The expansion would dramatically increase the federal participation in these programs (currently about 16% of treatment centers are federally funded). Some members of the Board are reluctant to expand the Federal role in an area that is more appropriately handled at the state and local level.

THE WHITE HOUSE

WASHINGTON

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: THOMAS C. GRISCOM 3

SUBJECT: Weekly Issues Update -- Communications

The Economy

Economic indicators do not come from newspapers or television news shows. Perhaps that is why most of the economic news for November is good news. Beyond the positive indicators you have already seen, there are other signs that the Reagan economic expansion continues.

o Help-Wanted Ads: The Conference Board's index of help-wanted ads rose four points in October, putting it 34 points above the year-ago level. The index is at 163, with 100 being the base for 1967. The index measures the volume of classified ads in 51 major papers across the country and is said to be sensitive to changes in demand for workers and to general business conditions.

  -- On Sunday, November 29, The Washington Post carried 32 pages of help-wanted ads. That is more pages than The Post devoted to national news, and twice as many pages as it devoted to individual sections on sports and world news.

  -- That same Sunday, The Los Angeles Times carried 31 pages of help-wanted advertising, equal to the number of pages it devoted to local news and sports combined.

o Welfare Rolls

  In the past five months, an expanding economy enabled 313,000 people to lift themselves off the welfare rolls.

o Cars and Trucks

  The Big Three auto makers say sales of cars and light trucks were 5.6 percent lower in November than they were a year ago. But in the last 10 days of November, consumers demonstrated they will respond to rebates and discounts and sales were 13 percent higher than in the last 10 days of November 1986.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: Jim Miller

SUBJECT: OMB Issues Update

1. FY 1988 Appropriations. The House passed a full-year, 13-bill, continuing resolution (CR). The CR contains non-binding language that sets defense and non-defense discretionary spending maximun at the levels specified in the budget agreement. (Thus, the language does not assure that the defense or international affairs functions will get the funding agreed to in the negotiations.) The House adopted an amendment that excludes Members of Congress, the Senior Executive Service, and Federal Judges from the automatic pay increase that is expected to go into effect on January 1, 1988.

Unfortunately, the CR has become the vehicle for several non-germane amendments. These include: extension of the Clean Air Act for eight months; a prohibition on contracting with Japanese firms for public works projects that are financed by the Federal government; and the codification of the Fairness Doctrine (a measure that you vetoed last summer).

The Senate will take up the CR next week, but in the event that Conferees miss the December 16th deadline and/or produce a highly objectionable bill, we are preparing for the shutdown of the Federal government on the 17th.

2. Budget Agreement/FY 1988 Budget Reconciliation. To encourage Congress to accept the budget agreement, the Cabinet Secretaries have begun contacting their respective House and Senate oversight committee chairmen and ranking members to give them specific examples of how the agreement is preferable to a sequester. Simultaneously, every Member of Congress has received talking points which describe the advantages of the agreement versus a sequester.

The original FY 1988 Reconciliation bill was reported from the Senate Budget Committee this week, and we expect it will be considered the beginning of next week. When the bill comes to the Senate floor, the Leadership will offer an amendment to make the bill conform to the budget agreement.

3. Farm Credit Legislation. This week, the Senate passed its version of the Farm Credit System bail out. The measure is less costly than the House-passed version, but it would still leave the taxpayer liable for up to $4 billion through a direct Federal guarantee of up to 95 percent of the system's new debt. It also would expand borrower rights and extend forgiveness to farmers who are delinquent on their loans -- adding $500 million in costs over five years to current forbearance programs. In addition, we have problems with provisions governing the establishment of a secondary market for the resale of loans, but expect to be able to make corrections when the bill goes to Conference.

4. Environmental Protection Agency (EPA) Asbestos Strategy. As required by Congress, the EPA currently is developing its final recommendations for dealing with exposure to asbestos in public and commercial buildings. If EPA were to regulate asbestos in public and commercial buildings to the same extent they presently regulate asbestos in schools, the cost would be enormous -- approaching $70 billion over 20 to 30 years (net present value). We intend to bring this issue to the Vice President's Task Force if EPA's recommendation does not appear consistent wiht your regulatory priniciples.

5. Poverty Rate. John Weicher, our new Associate Director for Economic Policy, has written a paper showing that the poverty rate is measured incorrectly and should be about 1.5 percentage points lower than the current official rate of 13.6 percent. The official rate is too high because the Consumer Price Index, which is used to adjust the poverty line each year for inflation, miscalculated the cost of buying a home between 1967 and 1982. Unfortunately, the measurement problem got progressively worse as inflation increased during the 1970s. Although the error in the CPI was corrected in 1983, previous years' figures were never revised to be consistent with the current measure. As a result, the number of people living in poverty is currently overstated by more than four million.

6. Delinquent Debt Collection. Last month, the Department of Justice (DOJ) began "operation deadbeat" -- a nationwide campaign to spotlight the seizure of cars and other personal assets of delinquent debtors. One interesting case involved a San Diego doctor who owed $17,000 to the Navy and had his Porsche seized. Also, action was taken against doctors, dentists, and nurses who refused to perform community service as required by the terms of their loans. In Greensboro, North Carolina, a dentist owes $140,000 in penalties because she refused community service in an underprivileged, rural area, which just happens to be Plains, Georgia.

THE WHITE HOUSE

WASHINGTON

December 4, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK J. DONATELLI (FJD)

SUBJECT: WEEKLY POLITICAL AND INTERGOVERNMENTAL AFFAIRS DEVELOPMENTS

APPROVAL OF INF AGREEMENT AND CONTINUED SUPPORT FOR SDI

Several major polling organizations, including Bob Teeter's firm and The Yankelovich group, are cooperating on a series of studies on national security issues. Last month they took their first poll to establish a benchmark of public attitudes prior to the Summit. Their significant findings include:

- By a margin of 72% to 20%, American voters approve of the INF agreement. Republicans (74%) are slightly more favorable than Democrats (69%).

- By a margin of 54% to 31%, American voters continue to support SDI. Interchanging the terms "Star Wars" and "Strategic Defense Initiative" results in no less public support.

- Fully 79% of SDI supporters (and 38% of its opponents) agree that SDI has "already proved to be an effective bargaining issue in getting the Soviet Union to seriously negotiate reductions in nuclear weapons."

- In six of ten areas of performance dealing with foreign policy and military defense, Americans believe Republicans would do a better job than Democrats. Furthermore, in the six areas in which the Republicans hold an advantage, the average margin is over 19 points compared to much smaller leads by the Democrats in their four areas.

- American impressions of Gorbachev have become increasingly positive. With a favorability rating of 66% to 22%, his popularity in this country is at a new peak. Additionally, by a margin of 57% to 32%, Americans believe that the Soviet leader is sincere.

During the same time frame, a similar poll was sponsored by the Committee on Present Danger which found that:

- Better than eight out of ten Americans (86%) say they favor a summit meeting.

- Slightly more than seven out of ten Americans (73%) favor the INF agreement. However, the majority of the public opposes any agreement which would result in a Soviet military advantage in Europe.

- Seventy percent of Americans support research and development of SDI and 58% favor deployment.

- Support for the Contras is almost evenly divided, with 43% favoring and 41% opposed. In contrast to studies last year, the public now definitely knows that the U.S. supports the Contras and narrowly favors Congress granting military aid to the Contras.

- Eighty percent of Americans believe it is important for the U.S. to eliminate Communism from Central America.

Additional polls released this week by the major news agencies further confirm the above findings.

POSSIBLE SPECIAL ELECTION IN CALIFORNIA

Governor Deukmejian has nominated Conservative Republican Congressman Dan Lungren to be the California State Treasurer, filling the vacancy left by the death of Jesse Unruh.

Assuming Lungren is approved by the State Assembly, the Governor is expected to call an election to fill Lungren's seat June 7th, 1988, the same day as the California Presidential primary.

Lungren's district, California 42, should be easily held by a Republican. You received 72% of the vote there in 1984.

TENNESSEE 5 SPECIAL ELECTION UPDATE

Our 1986 candidate against Congressman Bill Boner, Republican Terry Holcomb was nominated without opposition. The Democrats nominated Bob Clement, an unsuccessful candidate against Congressman Don Sundquist in 1982 (different district) and a member of the TVA board. Holcomb faces a tough, but winnable race.

LOUISIANA SPECIAL ELECTION

Newly elected Governor of Louisiana, Congressman Buddy Roemer (La. 4) is expected to resign from his Congressional seat in early January. The special election to fill his Congressional seat is expected to be held March 8th, Super Tuesday.

Republicans have endorsed Jim McCrery, a former aid to Roemer, as their candidate. There will most likely be a number of Democratic candidates. The GOP Congressional candidate nearly won the district in 1980, and you received 65% of the vote there in 1984.

FORMER GOVERNORS HEAD COMMITTEE FOR BALANCED BUDGET AMENDMENT

This week the National Taxpayers Union announced the creation of a Committee for American Economic Revival, a bi-partisan group that will work to pass a balanced budget amendment to the federal Constitution. The committee will be co-chaired by former Governors Dick Thornburgh (R-PA) and Richard Lamm (D-CO).

In their efforts to generate broad-based support, the two former governors plan to seek endorsements from politicians, academics and other opinion leaders. They also will make speeches, write articles, testify before legislatures, encourage petition drives, and help raise funds on behalf of the balanced budget amendment campaign.

EXECUTIVE ORDER ON FEDERALISM RECEIVES PRAISE

Governor John Sununu (R-NH), who has made Federalism the theme of his chairmanship of the National Governors' Association, has written on behalf of the nation's Governors to praise your Executive Order on Federalism.

In a recent article in the Wall Street Journal, an official from the American Legislative Exchange Council (ALEC) also praised the federalism order saying it "promises to give substance to the theory of Federalism . . . As a result it offers at least temporary hope to America's state legislators that, once again, the national government will exercise restraint and permit 'We the people' to participate more fully in our own government."